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The International Trade in Arms: Problems and Prospects

A Conference Report
by
Keith Krause

A Summary of
Proceedings of a Conference
on International Arms Transfers

Hull, Québec, 21-22 October 1987

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PREFACE

In October 1987 the Canadian Institute for International Peace and Security organized a conference on *The International Transfer of Conventional Arms*. Experts and interested members of the public participated in two days of discussions that focused on five general themes: the nature of the international arms trade, the motives that drive states to supply arms, the motives of recipient states, Canada's role in the system, and the prospects and problems associated with controlling the trade in conventional arms.

This report presents the fruits of those discussions. Although the sessions were organized around specific topics that correspond closely to the five themes developed in this report, many of the themes were raised in different forms throughout the two days of discussions. For that reason, this report does not present a purely chronological summary of the proceedings. The programme indicates the sequence of presentations and Appendix I provides a list of participants.

The Canadian government supplied a catalyst for the conference. The report of the Special Joint Committee on Canada's International Relations (The Hockin-Simard Report) included as one of its conclusions/recommendations that Canada should seek support for proposals to establish an international system to register weapons exports and imports, as one means of controlling the expanded trade in conventional arms. The government's response to this recommendation was to invite the Institute to study the concept of such an arms register and to bring the facts to the attention of Canadians. This report meets part of this mandate.

PROGRAMME

Wednesday, 21 October 1987 (Salon B)

09:00 - 10:30	**Opening Remarks:**	Geoffrey Pearson Executive Director, Canadian Institute for International Peace and Security
	Global Patterns of Arms Trade	
	Chair:	Nancy Gordon, Director, Public Programmes, CIIPS
	Speaker:	Michael Klare Hampshire College, Amherst, USA
10:30 - 11:00	**Coffee Break**	
11:00 - 12:30	**Why Suppliers Supply**	
	Chair:	Roger Hill, Director of Research, CIIPS
	Speaker:	Chris Smith University of Sussex, Brighton, UK
	Commentator:	John Killick Senior Vice-President Canadian Marconi Company, Ottawa
12:30 - 14:00	**Lunch Break**	
14:00 - 15:30	**Why Recipients Receive**	
	Chair:	Ron Purver, Research Associate, CIIPS
	Speaker:	Gehad Auda Centre for Political and Strategic Studies, Cairo, Egypt
	Commentator:	Ashok Kapur University of Waterloo
15:30 - 16:00	**Coffee Break**	
16:00 - 17:30	**Economic Consequences of Arms Transfers**	
	Chair:	Col. Robert Mitchell, Research Fellow, CIIPS
	Speaker:	John Treddenick Royal Military College, Kingston
	Commentator:	Jagat Mehta, University of Texas, USA
19:30	**Dinner and Address (Salon A)**	
	Global Arms Transfers: Issues and Perspectives	
	Speaker:	James H. Taylor Under-Secretary of State for External Affairs

Thursday, 22 October 1987 (Salon B)

09:00 - 10:30	**Arms Transfers Control: Problems, Prospects and Ideas** (incl. an Arms Export and Import Register)	
	Chair:	Fen Hampson, Research Associate, CIIPS
	Speakers:	Jo Husbands Senior Research Associate National Academy of Sciences, Washington, USA
		S.R. Karaganov Head of Section Institute of USA and Canada, Moscow, USSR
10:30 - 11:00	**Coffee Break**	
11:00 - 12:30	**Canada, Arms Transfers and Arms Control**	
	Chair:	Harald von Riekhoff, Research Fellow, CIIPS
	Speaker:	John Lamb Executive Director, Canadian Centre for Arms Control and Disarmament, Ottawa
	Commentator:	Albert Legault Université Laval, Québec
12:30 - 14:00	**Closing Lunch (Salon C)**	
	Speaker:	Ernie Regehr General Coordinator Project Ploughshares, Waterloo

INTRODUCTORY REMARKS
by Geoffrey Pearson

This conference comes, I hope, at an opportune time. There are signs of real progress in disarmament negotiations, both at the level of the superpowers and in multilateral negotiations on chemical weapons. There is hope that further measures for regional stability in Europe can be worked out, including some reduction in levels of forces. Verification of agreements is less of an issue than it was.

Yet, paradoxes remain. At the recent UN conference on Disarmament and Development, states agreed to give further consideration to reducing their military expenditures, to re-allocating any savings to socio-economic development, and to reviewing issues related to the conversion of military industry to civilian production. Yet there is little evidence that these good intentions are anything more than that. In fact, global military expenditures, according to the Final Document of the same conference, are increasing faster in the 1980s than during the 1970s and are 20 times as large as all ODA to developing countries. The Document makes only one brief reference to arms transfers and says nothing about how to limit them, except possibly by making more information available.

Yet we know from other sources that while there was a substantial decline in the arms imports of developing countries in 1985, these still accounted for 80 percent of the total. Seven of the top 20 military powers measured by military spending are developing countries. But let it be noted as well that while Canada spent more in 1984 for military purposes than all but 14 other countries, we place only 27th, according to American figures, on the arms export table.

It is our hope that the report of this conference will help to clarify the reasons for some of the trends and apparent contradictions just noted. In a world of 160 or more sovereign states, greatly unequal in size, population and wealth, insecurity and therefore military spending are bound to be a fact of life. The authors of the UN Charter sought to meet this challenge by establishing a system of collective security, not of collective disarmament. They thought of aggression as the cause of war, not arms. But in the absence of such a system, arms can and do lead to war, as well as wasting resources. Formal or informal rules, regional or global, are urgently needed to control their sale and use. This issue is of growing concern to Canadians, and that is why we have organized this conference.

EXECUTIVE SUMMARY

The dramatic increase in the conventional arms trade that has occurred in the past two decades has sparked many attempts to understand better the motivations governing suppliers' and recipients' participation in the international arms transfer system. Nearly $29,000 million worth of arms changed hands in 1985, and the contribution of these transactions to increased international peace and security was not always evident.

Participants in a conference on this subject sponsored by the Canadian Institute for International Peace and Security first noted that the *nature* of the arms trade had changed in recent years. More trade was conducted through semi-official and unofficial channels — the so-called "grey" and "black" arms markets. This change suggests that the overall level of trade has *not* dropped, as official statistics (which cover the "white" or "opaque" market) would at first glance suggest.

Discussion of the motives driving states to supply arms produced a picture of three "tiers" of suppliers. The first tier includes the United States and Soviet Union, which together accounted for about 55 percent of the total value of arms transferred in 1983. Although one can detect an increasing awareness of the economic benefits derived from arms transfers, the primary motivation behind the superpowers' arms transfers remains political. Arms transfers cement relationships and provide a certain amount of political influence. The precise balance between economic and political motivations was debated, with some analysts arguing that economic considerations grew in importance in the 1970s and 1980s.

Second tier states (industrialized states such as Britain, France, and Canada) were much more driven by economic considerations. The constraints of a small domestic market, coupled with the perceived need to stay at the forefront of weapons production technology, creates intense pressure to export arms. Within this group, however, one can distinguish a number of states (Sweden, Japan, Switzerland, Germany and Canada) that follow more "restrictive" policies for political reasons, albeit with varying degrees of success.

The third tier includes the emerging Third World arms suppliers such as Israel, Brazil, Egypt and India. Aggressive marketing of products is the hallmark of these states and the pursuit of exports appears connected to an overall strategy of "military-led industrialization." Although in many cases the decision to produce arms is sparked by an experience with supply difficulties (examples being Israel, Taiwan, South Africa and Chile), arms production comes to be seen as a sign of

international or regional power and a spur to industrial development. Whether or not it *in fact* contributes to development, or represents a good strategy, was much debated at the conference.

Although "increasing security against perceived external threats" is the publicly-cited justification for most arms purchases, in practice the motives of recipient states are difficult to analyze. Arms acquisitions often appear more connected with a regime's desire to maintain internal order and ensure its survival than with external threats. Further, on occasion the perception of threats can be conditioned by a relationship with a superpower patron, and a client can be integrated into that patron's security sphere.

No overall consensus on how to group states or on the relative ranking of internal and external factors emerged at the conference. There was agreement, however, that the level of arms acquisitions by Third World states will remain high, but that the increased level of transfers of the past two decades has increased neither the security of recipient states nor the influence of supplier states. This raises the obvious question: "if the objectives of suppliers or recipients are *not* being met, why do arms transfer levels remain high?" Numerous other factors account for this, including the perceived economic benefits to suppliers, the acquisition of arms to maintain one's regime in power, and the perceived threat of competition from the other superpower. These factors were discussed throughout the conference and particular attention was focused on the gap between perceived benefits and real outcomes.

Canada plays a relatively minor role in the international arms trade and follows a restrictive, if eroding, policy. Although Canada's arms sales have shifted to the Third World along with those of other suppliers, only 21 percent of arms exports end up in the Third World (often as American weapons with Canadian components). This is a lower figure than other second tier suppliers, and represents only about 0.2 percent of Canada's total trade. Nevertheless, arms sales to the Third World remain controversial and numerous suggestions were made as to how Canada's policy could be made more open and less *ad hoc*.

The last major subject of discussion at the conference was the prospect for restraining the conventional arms trade. One prominent proposal was for an "international arms trade register" that would provide information that could be used to pressure supplier and recipient governments. No conspicuous past success in this realm has been enjoyed, and considerable scepticism about its potential utility was manifest among participants.

The scope for some unilateral or multilateral restraint was seen as somewhat greater. Both the Soviet Union and United States seem to be interested in certain types of restraints (such as on the type of technology transferred, or on specific regional restraints). But the participation of second and third tier suppliers would be difficult to guarantee and, as the failed experience of the Carter Administration's restraint policy suggests, the road to control of the conventional arms trade is a long one.

INTRODUCTION

The international trade in weapons has always been a source of controversy and concern. Although arms are bought and sold more or less openly by many states, there is always an admission, even by those who approve of such exchanges, that arms cannot be traded as freely as other commodities such as bananas or televisions. Weapons can kill, and their potential destructiveness sharpens the political, economic, and social concerns about their trade.

In 1985, an estimated $28,850 million dollars (US) worth of weapons changed hands, with more than 35 states acting as sellers and 115 states as buyers.[1] This represented a three-fold increase in volume (in real terms) since 1963. In addition to this expansion in volume, the focus of the arms trade has also shifted in the last 25 years. In the 1963-67 period, roughly 58 percent of the weapons transferred went to the developing world; by 1978-82, the proportion had risen to more than 80 percent.

This growth, and the negative implications for the developing countries of high levels of spending on armaments, has sharpened the debate in recent years. On the one hand, there is the argument that high levels of spending on arms, and on military establishments in general, consumes scarce resources that could be more productively used in other sectors. Such spending, it is also argued, contributes to excessive militarization of society in the less-developed parts of the world. This side in the debate is often cast in terms of the link between disarmament and development, the first being a pre-condition for the second.

On the other side, there is the argument that many, if not most, states that purchase modern weapons have legitimate "security" needs that must be met. There are external threats to deter or defend against, in some cases threats even to national survival. The international trade in arms is seen simply as part of the warp and woof of international politics in an imperfect world, an endemic feature unlikely to change or diminish unless the nature of international politics itself changes.

In either case, without a better understanding of what drives both the suppliers and the recipients in the international arms transfer system,

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[1]Data on arms transfers is notoriously unreliable. All statistics here are taken from the US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers, 1986*. The term "transfers" is used more generally than "trade" or "sales", because it encompasses those transactions that may be made as grants, or as part of other arrangements.

little or no progress can be made towards controlling or curbing it. It is against this backdrop and with this goal in mind that the Canadian Institute for International Peace and Security held a conference on international arms transfers.

THE NATURE OF THE INTERNATIONAL ARMS TRADE

The first session focused on a presentation by Dr. Michael Klare, of Hampshire College, which highlighted a number of recent trends and characteristics of the international arms trade. In the 1970s, arms transfers expanded *vertically* : there was a marked increase in agreements, deliveries, sales of sophisticated weapons, and numbers of customers. Much of this expansion was fuelled by the increase in spending power of certain Third World states--an increase which followed the oil price rise of 1973.

In 1982, however, the market began to decline. The value of agreements dropped sharply, although deliveries followed more slowly as previously agreed-upon contracts continued to be filled. The number of customers levelled off, as did the sophistication of the weapons transferred. This led some observers to conclude that the market was reaching an equilibrium. But, as Dr. Klare pointed out, the market expanded *horizontally* in the 1980s, transforming itself in ways that escaped the simple statistics.

Three main changes were highlighted. The first was an increase in the number of major suppliers. Until 1970, the Big Six suppliers (the United States, the Soviet Union, Britain, France, Germany, and Italy) supplied approximately 90 percent of the arms transferred. But by 1984, this proportion had dropped to around 75 percent.[2] The remainder was made up by newly emerging producers in the developing world, such as Brazil, Israel, and Turkey, and smaller developed world suppliers, such as Sweden and Switzerland. The share of the two superpowers also declined from two-thirds to one-half of the total market.

The second change was an increase in the *internal* satisfaction of defence needs through the creation of arms industries in developing states. The motives for the creation of such industries varied. In some cases, the motive was to increase self-sufficiency (India, Israel); in others, it was to use arms industries as an engine of economic growth (Brazil); in still others it was to circumvent arms embargoes (Taiwan, South Africa, and Chile) or to enhance international trade (South Korea, Singapore). Although none of these industries were totally self-sufficient, a greater degree of autonomy had been won.

The third change was the growth of what Dr. Klare called the "black" and "grey" markets. Black market trade is conducted knowingly in

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[2]Statistics from the US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers*, various years.

violation of the law; grey trade encompasses those dual-use systems that have both a civilian and a military purpose and that are purchased on the pretext that they are for civilian use.[3] Official statistics on the arms trade captured only the "white" or "opaque" government-to-government or government sanctioned sales that were legally approved and relatively narrowly defined. Although no one knows the full extent of the black and grey arms trade, according to Dr. Klare, it has been estimated at ten billion dollars (US) annually.

These trends were not captured in most of the arms trade statistics. The internal satisfaction of defence needs was not *trade*, and black and grey market transactions by definition escaped notice. If one included these sources of arms, statistics would rise back to their 1970s levels. Thus the conclusion that the level of arms acquisition by developing world states had declined (or that the international arms trade itself had declined) might be premature.

What were the consequences of these developments? The first was that states obtained weapons from an increasingly diverse number of sources. This diversification produced a decline in the political influence wielded by suppliers. According to Klare, gone were the days when a superpower's relationship with a weaker client conferred a significant amount of influence.

An important corollary of this was that the utility/efficacy of arms embargoes (a form of wielding influence) had also declined. Neither superpower was able to implement effective unilateral embargoes, and joint action would require the participation of many more suppliers than in the past. The inability of the United States and the Soviet Union to affect the course of the Iran-Iraq war (through a United Nations embargo or otherwise) was cited as an example of this development.

Finally, there appeared to be an increase in the incidence of "low-intensity conflict." Insurgent groups around the world, in places like Angola, Afghanistan, and El Salvador, have found it relatively easy to obtain enough weapons to sustain operations against governments, to disrupt agriculture, communication and transportation, and development projects. The persistence of black and grey markets makes it more difficult for either supplier or recipient governments to exercise any control. This has negative implications for the possibility of resolving some of the endemic conflicts in the Third World.

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[3]Examples would included helicopters, computers, and communications systems.

WHY SUPPLIERS SUPPLY ARMS

One of the central issues highlighted by Dr. Klare's analysis was the question of why states choose to become or remain arms suppliers. Three separate aspects of this question were discussed throughout the conference:

1. What motivates the superpowers to supply arms?
2. What motivates middle-tier states such as Britain, France, and Canada to supply arms?
3. What motivates developing states to embark on the complex and costly venture of producing arms?

1. What motivates the superpowers to supply arms?

The first of these questions was dealt with in the second session, which began with a presentation by Chris Smith of the University of Sussex. He pointed out that both the Soviet Union and the United States had after World War II seen arms transfer relationships as a powerful means by which they could exercise influence and maintain a global geo-political presence. He distinguished three phases in the superpowers' approach to arms transfers.

In the first phase (from 1945 to 1973), the emergence of the United States and Soviet Union as global superpowers, their intense competition during the Cold War, and the power "vacuum" left by decolonization and the creation of new states meant that arms transfer relationships were a potent tool for initiating and cementing new relationships. This was especially true for the Soviet Union. It did not begin to supply arms outside of the "socialist bloc" (i.e. Eastern Europe, North Korea and China) until 1955, and low levels of Soviet economic aid and other development assistance meant that arms transfers were a relatively more important political link between client and patron.

In the second phase (1973 to 1980), both the United States and Soviet Union placed less emphasis on foreign policy considerations and more emphasis on the economic benefits of arms transfers. For the Soviet Union, this included the acquisition of hard currency that could be used to purchase badly needed Western technology. For the United States, many of its major customers were now wealthy oil-producing states, to whom the United States was no longer willing to supply arms as low-cost loans or grants. The resulting shift from grants and loans to cash sales also permitted the lesser suppliers (Britain and France) to increase their role, as their transfers had always been predominantly commercial.

This shift in emphasis was also conditioned by an erosion of the superpowers' traditional markets, as major customers (such as Egypt, or the Latin American states) sought to diversify their sources of arms supply to reduce the political restrictions or costs that came with purchasing weapons from either superpower.

More significantly, the global economic impact of the oil price rise was a vast expansion of credit and lending to the Third World. Many of these loans translated, directly or indirectly, into increased spending on the military and arms purchases. This extended beyond the wealthy oil-producing states, and it permitted lesser suppliers such as Britain and France to expand their arms sales efforts considerably, as arms were less frequently supplied on concessionary terms by the United States and the Soviet Union.

In the third phase (1980 to today), according to Mr. Smith, economic considerations still predominated over foreign policy aspects of arms transfers. Although the superpowers continued to sign concessionary deals with major customers (such as India and Syria for the Soviet Union, Egypt and Israel for the United States), the pressures of competition have eroded the political restraints under which the United States and Soviet Union previously operated.

The contention that these economic motives dominate American and Soviet calculations was disputed by one questioner. For example, Egypt received arms from the United States that it could not pay for, while Saudi Arabia was refused arms it could easily afford. It was not at all surprising that the superpowers require payment from those clients who can afford it. He also pointed out that a shift from aid to sales did not necessarily imply that political considerations had greatly declined in importance.

2. What motivates middle-tier states such as Britain, France, and Canada to supply arms?

The question of the benefits of arms transfers for middle-tier states such as Canada was addressed by Mr. Smith; by the discussant for his paper, Mr. John Killick; and by many of the questioners.

As Mr. Smith pointed out, British and French policy makers perceived an active arms sales programme to be crucial in maintaining an autonomous defence industrial base in their countries. Arms sales relieved the burden of defence expenditure first, through economies of scale in production and second, through the balance of payments

benefits of exports.[4] Similar rationales for exports could be detected in the policies of lesser producers such as Italy, Sweden, and Canada. As the costs of producing high-technology weapons increased for small states with limited internal demand, the pressure for exports increased.

According to Mr. Killick, senior vice-president of Canadian Marconi Company and a former Assistant Deputy Minister (Materiel) for the Canadian Armed Forces, a state like Canada had two motives for trading arms. These were the high technology and commercial spinoffs that result from research and development in the defence sector, and the employment that was created. The high-tech spin-offs often rapidly evolved into consumer products. On the employment side, not only were jobs on the production line preserved, but skilled personnel and research teams were also kept in Canada, preventing a "brain drain."

Both of these propositions were difficult to prove with numbers, said Mr. Killick. Although the benefits were sometimes unclear or ambiguous, the net gain was still positive on both these accounts.

Discussion and Questions

This was a controversial position and it was attacked in many of the questions that came from the floor. One questioner pointed out that the issue was *not* whether or not there were civilian benefits or spin-offs from military research and development activities, but whether or not these benefits would be greater if the same amount of research money was spent in the civilian sector. The questioner argued that although there were always some spin-offs from military research and development, the same amount of money spent in the civilian sector would produce *greater* employment and spin-offs.

Mr. Smith also pointed out that since the defence industry was capital intensive, military spending produced fewer jobs than could be created in other sectors. According to Mr. Smith, most of the studies on this demonstrated that a reduction in spending in the military sector would release resources for other applications. This view was also held by a questioner in a later session, who pointed out that studies suggested increased military expenditures "crowded out" investment and had a negative impact on economic growth.

This issue was taken somewhat further by Mr. Smith, who expressed the view that what needed to be examined was the issue of

[4]Economies of scale are realized in two ways. First, the average cost of producing each tank, for example, declines as the total number of tanks produced increases. Second, the research and development costs of designing the tank are spread over a greater number of units.

"conversion" of military industries to useful civilian production and research. He also suggested that much of today's military technology was so sophisticated and expensive as to be virtually useless for any civilian application.

In a later session, John Treddenick of the Royal Military College, Kingston, explained that the entire discussion of spin-offs was somewhat misleading, and that the evidence clearly suggested that the technological and employment spin-offs do *not* by themselves justify expenditures on military production. He argued, however, that the motivation for arms production was deeper and more complex and connected with perceptions of national independence and security needs.

Another questioner argued that Canadians were concerned about the role of military production in the Canadian economy and were not particularily happy about recent moves to increase the role of the defence industry in the political process surrounding procurement and export decisions.

The issue remained unresolved. As Mr. Killick pointed out, even if more jobs were created in the civilian sector for a given amount of defence expenditure, most often these jobs would not be in the sophisticated, high-technology sectors that an advanced industrial economy needs. In addition, the governments of arms producing states seemed willing to pay a certain economic cost to maintain an autonomous defence industry, and in an imperfect world this motivation was unlikely to disappear.

3. What motivates developing states to embark on the complex and costly venture of producing arms?

For the lesser suppliers, matters were even less clear. In a paper on the economic consequences of arms transfers, Dr. Treddenick outlined the perceived benefits of arms transfers for new producer states such as Brazil and India. He began by highlighting the increased number of developing world supplier states, and their increasing share of the world arms market. Less developed states had increased their share of world arms exports from around six percent (1974) to more than 16 percent (1984).[5] Even this did not accurately reflect the real growth in defence production in the Third World: some states (such as India) were major producers while not being major exporters, production going mostly to meet internal demand.

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[5] From the US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers, 1986.*

What was clear was that simple economic efficiency was *not* the motivation for Third World arms production: in virtually all cases, imported arms would be cheaper than domestically produced ones. Therefore, the motivation must lie elsewhere. Dr. Treddenick argued that it lay in two *perceived* linkages: first, the link between self-reliance in arms production and political independence and national security; and second, the link between arms production and industrial development.

The reasoning behind the drive for self-reliance was obvious. Few states like being in a position where their security is dependent on uncertain arms supply relationships. Some evidence that this was a strong motivation for states was the observation that almost all of the Third World producers experienced arms embargoes or supply problems in the years before indigenous arms production had been started.[6] Although complete self-sufficiency was a realistic goal for only a few states, whatever steps in this direction that could be taken were seen as beneficial.

The second linkage was more complex. In many underdeveloped states the industrial base and infrastructure necessary for arms production did not exist. But it appeared that some states see arms production itself as a *catalyst* for the whole process of industrialization. Many of the industries identified as playing a dominant role in the process of industrialization (iron and steel, transport equipment, machinery) were also key industries for arms production. Investment in arms production thus stimulated a whole range of economic sectors which were crucial for national industrialization.

Dr. Treddenick pointed out that the historical development of arms industries in Britain, France, Germany, Japan, and Tsarist Russia in the last century followed this pattern. In some respects, the whole process of industrialization had been a military phenomenon: arms production and military expenditures created demand for specialized types of metal and machinery and many "backward and forward" linkages within the economy that stimulated industrial development.

Local arms production was therefore seen as contributing *both* to enhancing a state's national independence and security, and to economic development. Economic development in turn increased national independence and security. Thus where a country ranked in arms production and exports was perceived as being a reflection of its international status and power.

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[6] Examples being Chile, Brazil, Israel, India, South Africa, and Taiwan.

It was against this backdrop that one could understand the drive by many less-developed states to create indigenous arms industries. Once the decision to stimulate an arms industry was taken, the same pressures for exports that existed in middle-tier states emerged. Arms exports could reduce unit costs, create and preserve skilled jobs, and spread research and development costs. In fact, these pressures were often more intense because the less-developed state's economy was unable to sustain high levels of research and development spending and the domestic military market was usually limited. Finally, the need to import many of the components used to produce weapons meant that the scarce foreign exchange that was spent must be recouped through export sales.

Discussion and Questions

Jagat Mehta, the discussant for Dr. Treddenick's paper and a former Indian Foreign Secretary, suggested that the militarization of the Third World that resulted from this approach to development and security was counter-productive: it did *not* reduce uncertainty or increase security for citizens of Third World states. The notions of continuing conflict that arose from the Cold War and that influenced thinking in the Third World had produced a narrow view of how states could guarantee the security of their citizens: through military capability and power. Yet the ability of states to guarantee security through military strength had declined.

He echoed the belief that the industry-led development strategies that had been followed by many Third World states over the past 20 years had been failures, especially in African states that neglected agricultural development and other more traditional sectors. Thus both perceived linkages (the link between self-reliance in arms production and political independence and national security, and the link between arms production and industrial development) were mistaken.

Finally, he suggested that Third World states should search for regional diplomatic solutions to the problems of insecurity that they faced, rather than attempting to become regional hegemons. The attempt to measure status and power through traditional indices such as arms production was mistaken and only led to self-perpetuating militarization.

During the question period Dr. Klare pointed out that Dr. Treddenick's scenario might replicate the logic behind decisions to produce arms in the Third World and the dreams of the policy makers, but that it did not seem to reflect the reality faced by developing world arms producers.

He pointed out that the kinds of economic development that Third World countries needed most were *not* the heavy industrialization (iron and steel, heavy machinery) which was so important in the nineteenth century.

Dr. Treddenick responded by pointing out that although he did not want to be an advocate for this sort of strategy for economic development, there was some evidence that it did work, in a limited way, in states such as Brazil, Singapore, and South Korea. The catch seemed to be that this development strategy appeared to have contributed to the extremely high debt loads carried by states such as Brazil.

Ernie Regehr of Project Ploughshares suggested that the existence of surplus arms production capacity around the world, and the intense export competition, made many of the perceived potential benefits illusory. Other questioners suggested that the entire debate about the economic benefits of arms production was misleading because it lost sight of what commodity was being produced. The human cost of such production should be paramount in people's minds: would development purchased at the price of increasing the supply of weapons have been worth the price?

WHY RECIPIENTS RECEIVE ARMS

It was somewhat more difficult to unpack the complex issue of why states seek to acquire arms. Gehad Auda of the Center for Political and Strategic Studies in Cairo presented a paper that analyzed Egypt's arms acquisitions from the United States both in terms of the motives behind Egypt's shift from the Soviet Union to the United States as its main supplier and of the strategic dependence this relationship created.

According to Dr. Auda, specific arms transfer relationships were simply part of a larger web of relations linking strong and weak states, and must be understood as part of the harmonization of military doctrines and foreign policies that strong states seek to achieve with weaker clients. Although regional hegemons such as Iran, Israel, and Egypt shaped their arms acquisitions around perceptions of threats and the "national mission" of the enemy, their fighting doctrines were also moulded around the doctrine of their respective superpower patrons.

In this context, Dr. Auda examined the evolution of a close arms transfer relationship between the United States and Egypt since the early 1970s. Until the 1972 ejection by President Sadat of Soviet advisers and technicians, Egypt had been totally dependent on the Soviet Union for arms. This breaking of ties left a vacuum into which the United States could move, especially since close ties with Saudi Arabia and Egypt were essential to the achievement of American regional goals.

From the Saudi perspective, its dramatically increased wealth did *not* increase national power and security: the Saudi regime could not in fact adequately guarantee its security. Its size, vulnerability, and small population meant that Saudi Arabia sought closer ties with the United States because it needed a security partner. For Egypt, however, close ties with the United States were needed for two somewhat different reasons.

The first was the need to satisfy and redefine the role of the military in Egyptian society after the 1973 war. Since it could no longer justify its primary role in terms of the battle against Israel, or in terms of accelerating the process of modernization in Egypt, another role was needed. One solution was to engage the military in collaborating with the United States over regional security arrangements.

The second reason was the need for the Egyptian economy to attract external investment and technology for joint ventures and economic development. But to attract Western capital, Egypt had to be part of the

Western military/security sphere. And the simplest way to join this sphere was to inaugurate an arms transfer relationship with the United States. Thus, according to Dr. Auda, the answer to the question "why do states seek arms?" must be sought in the social, political, and economic situation *within* states, not solely in an examination of external threats and foreign policy concerns.

Dr. Auda continued by pointing out that this solution to Egypt's problems involved a reorientation of Egypt's foreign policy and military doctrine in a way that created strategic military dependence on the United States. The second part of his presentation argued that this dependence resulted from the cultivation of an arms transfer relationship with a strong power. He pointed to the increasing level of joint military activity between the United States and Egypt as evidence that the latter was being integrated into a Western security sphere that required a redefinition of Egypt's national interests and the constellation of threats that it faced.

Discussion and Questions

Questions and comments focused on the analytic problem that Dr. Auda's presentation implicitly raised: did recipients acquire arms to meet genuine security needs or satisfy internally generated demands, or were these perceptions of threats and internal demands themselves conditioned by a dependent relationship with a strong power? No simple answer to this question emerged.

The discussant for Dr. Auda's paper, Ashok Kapur of the University of Waterloo, questioned whether we had enough information to know if arms acquisitions were based on domestic factors such as economic development strategies or the need to create a role for the military. Were arms acquisition policies a product of these factors, or were these factors themselves part of a broader *external* framework, involving the superpowers, of which arms acquisitions policies were a part?

Dr. Kapur also disagreed that arms transfer relationships *necessarily* perpetuated or created strategic dependence. In some cases, arms supply relationships reflected a strong consensus in the recipient state, and between supplier and recipient, about the threats that must be dealt with and the correct foreign policy and military doctrine to be followed (examples being Israel or Pakistan). In other cases, such as Iran, no consensus of this sort existed and arms acquisition policies could then create a sort of strategic dependence.

Finally, he argued that what governed arms acquisition policies was the perception that arms are a *tool* to achieve internal control, to manage

hostile neighbours, and/or to avoid external intervention. Particularly in the case of regional powers or in conflict-ridden areas, military strength (which shapes arms acquisition policies) was seen as a prerequisite to achieving or safeguarding other national goals. Dr. Kapur thus downplayed the idea that recipients' arms acquisition policies are a function of "strategic dependence" and hence are somehow greatly influenced by the superpowers.

One commentator pointed out that each recipient had its own demand situation and its own configuration of security interests, but that analysts sensed that the interests of the superpowers were always implicated in some way in the demand for arms. If Third World actors wanted to keep a conflict going, they would do so, in spite of the wishes of arms suppliers. But the question was: did the superpowers have a responsibility to ameliorate, or avoid exacerbating the problem? The Iran-Iraq war was a case in point: the superpowers had been unable to influence the course of the conflict, but neither had their arms transfer policies ameliorated the situation.

Another questioner turned the focus to the future, suggesting that the demand for weapons in the Third World would remain high. Increasing population pressures (which created economic problems), declining terms of trade, and disillusionment with the results of the first decades of independence would all contribute to increasing domestic instability and a high demand for weapons to maintain domestic order, create external diversions, or support guerrilla insurgencies.

This raised the issue of the relationship between arms acquisitions and domestic instability. Dr. Auda argued that there was very little relationship between the two, except in special cases. This was not accepted by all commentators.

John Sigler of Carleton University pointed out that this issue tied together the discussion of why recipients sought arms. In the Egyptian case, large amounts of arms were acquired both before *and after* peace with Israel, suggesting that something more complex than a simple perception of external threats was at work. If external threats were all that mattered, Egyptian arms acquisitions should have declined after peace with Israel. Although the initial motivation to acquire arms might have been based on perceived external threats and challenges, the failures of development and absence of stable government had created a situation in which high levels of arms acquisitions continued because of other imperatives.

In all scenarios, there was general consensus that future levels of arms acquisitions in underdeveloped states would continue to be high.

CANADA'S ROLE IN THE INTERNATIONAL ARMS TRADE

The presentation by John Lamb, the Executive Director of the Canadian Centre for Arms Control and Disarmament, formed the basis for discussion of Canada's role in international arms transfers. He said that Canada was one of a distinct class of suppliers with unilaterally restrictive arms transfer policies. Included in this group were Japan, West Germany, Sweden, and Switzerland. Each of these states struggled to balance the desire to maintain a military industry (for the reasons discussed in section two above) with a national commitment, for example, not to transfer arms to areas of tension.

Although the abandonment of restraint by these suppliers might not affect overall levels of transfers, it would reduce the possibility of controlling the arms trade by increasing the number of middle-rank suppliers with an interest in continued high levels of transfers.

Mr. Lamb pointed out that Canada's restraint policy had four elements: restrictions on sales to countries that pose a military threat to Canada, restraint on transfers to countries engaged in hostilities (or where an imminent threat of hostilities exists), adherence to United Nations Security Council sanctions, and a refusal to sell arms to countries that persistently violate human rights (unless the arms could not be used against the civilian population).

Before about 1970, such a policy had been relatively easy to maintain because less than 15 percent of Canada's arms exports went to developing states. A ready market existed in Europe and the United States, and Canadian products were not particularly well suited to the Third World market. In recent years, however, Canada's exports have shifted (as have those of other suppliers) towards greater reliance on Third World customers. According to some estimates, an average of about 21 percent of Canada's military exports between 1970 and 1986 went to the Third World.[7]

Along with this shift had come increased pressure on Canada's restrictive policy. A 1975 review of government policy suggested that there was little room (or desire) for further restrictions, and that future sales decisions should explicitly take account of the potential economic

[7] The figure is 13.5 percent if one counts only *direct* transfers from Canada to a Third World customer. It rises to 20.7 percent if one assumes that ten percent of Canada's military exports to the United States (mainly in the form of unfinished components) end up in weapons systems transferred by the United States to Third World clients (ten percent being the proportion of total US military production that is exported). Unadjusted figures are from the Department of External Affairs.

benefits from arms transfers. In addition, the role of the Department of Industry, Trade and Commerce in the decision-making procedure was strengthened. These changes, coupled with increasingly active promotion of Canadian weapons, meant that the market for Canadian arms was much wider than before. According to Mr. Lamb, certain sales were now being approved that would have been turned down a decade ago.

He concluded by noting that if there remained a strong public commitment to a high degree of restraint, some steps must be taken to shore up the presently eroding policy. He suggested first, that the policy be made less *ad hoc* and discretionary, and second, that greater disclosure of what and to whom Canada is selling was needed.

Discussion and Questions

Albert Legault of Laval University, the discussant for Mr. Lamb's paper, was somewhat more pessimistic about the possibilities for reducing the *ad hoc* nature of decision making on arms sales. He agreed that the four principles could be maintained, but suggested that in the end there would always be a high level of discretion because of the ambiguity of specific situations.

With respect to Canada's trade with the Third World, Dr. Legault argued that it was simply not that important: it might pose an ethical dilemma, but not an economic one. It represented around 0.2 percent of total Canadian trade, and was not concentrated in high technology or important sectors. Canada could fairly easily live with a policy of no direct sales to the Third World. But he agreed that the government could be somewhat less secretive about the level and direction of Canadian arms transfers.

One commentator suggested that if Canada were truly concerned about Third World militarization, a more effective solution would be to tie foreign aid allocations to a reduction in the recipient's military spending. Others expressed concern that this would involve Canada in assessing the "security needs" of Third World states, which would be a tricky business. The current requests from southern African frontline states for Canadian military assistance was cited as an example of the dilemma: would one want to give the Canadian government the mandate to supply arms to southern African states?

Another questioner argued that Mr. Lamb had overstated the degree of government support given to sales promotion efforts: it was much lower than that given by other governments, and the Canadian

government tended to concern itself with what weapons were promoted. With respect to removing the discretion from the policy, he pointed out that Mr. Lamb did not deal with the problem of how to determine precisely what an arm or weapon was in any given case. This was admittedly not a problem exclusively confined to Mr. Lamb's discussion. Examples of ambiguous technology would be computers and communications equipment.

PROSPECTS FOR RESTRAINING THE CONVENTIONAL ARMS TRADE

The prospects for restraining the conventional arms trade were discussed throughout the conference. Two distinct but connected issues were covered: the prospects for restraint, and the possible usefulness of an international arms trade register. Both of these issues were addressed by the presentations of Sergei Karaganov of the Institute of USA and Canada Studies in Moscow, and Jo Husbands of the American National Academy of Sciences. In addition, the evening address by James Taylor, Canadian Under-Secretary of State for External Affairs, contributed to the discussion on an arms trade register.

1. Prospects for Control

Dr. Karaganov reiterated the observation that increased transfers of arms had neither brought more security to recipients nor more political benefits to suppliers. He also argued that intensified transfers increased the "Europeanization" of regional conflicts, and increased the concomitant potential for escalation. Against this backdrop, all members of the international community had an interest in curtailing the horizontal and vertical proliferation of weapons.

According to Dr. Karaganov, the Soviet Union supported efforts to limit conventional arms transfers, as indicated by participation in the 1977-78 Conventional Arms Transfer (CAT) Talks with the United States. General Secretary Gorbachev had also repeated the Soviet Union's commitment to limited transfers as recently as 1985, and was interested in drawing other states into negotiations to this end.

Dr. Karaganov also suggested that limitations did not need to be confined to reductions in the monetary values of weapons transferred or in the overall volume of trade. Restrictions on certain types of weapons (such as unusually destructive or injurious weapons or weapons that could be used by terrorists), specific regional restraints, or unilateral and bilateral measures should also be explored in the appropriate international fora. The role of the United Nations in this realm could be enhanced.

Dr. Husbands began her presentation by pointing out that one must be absolutely clear about *why* one was pursuing conventional arms transfer restraint before discussing the various possibilities. Was it out of concern that arms transfers were wrong or immoral, because the spending on arms was a waste of scarce funds, because the accumulation of arms was a factor in causing conflict, because the superpowers might be drawn into their client's conflicts, or because the

spread of sophisticated weapons posed new dangers? Some kinds of arms transfer restraint would deal with certain of these concerns and not others. But without clear aims, the field would be left open for critics of arms transfer restraint to claim that it had failed.

Dr. Husbands then examined in detail the most recent experiment in conventional arms transfer restraint, President Carter's unilateral restraint policy and the subsequent CAT talks between the Soviet Union and United States in 1977-78. Although this effort failed, it nonetheless taught two lessons for future attempts at restraint.

First, if the goal was to avoid dangerous superpower entanglements, then unilateral restraints could be on occasion a good idea. One of the motivations behind the Carter Administration's restraints was the belief that American interests were not being served by a permissive arms transfer policy. The benefits of a unilateral restraint policy would have to be made extremely clear, however, so that critics could not point to the failure of multilateral restraints as a justification for abandoning unilateral ones.

Second, strategies to control the spread of sophisticated weapons that did not emphasize specific conflicts or conflict-prone regions, were more likely to succeed. An alternative strategy would be to focus on *types* of weapons, or particular technologies. Examples would be the agreement on controlling the spread of sophisticated missile technology, or the "Brussels Club" restrictions on chemical weapons production.

Dr. Husbands concluded that the future prospects for control were mixed. She added, however, that one must always choose between two options: to promote arms transfer controls where they were most urgent or where they were most likely to be modestly successful. It was a failure to make this choice clear that crippled the CAT Talks.

Discussion and Questions

One questioner asked if the economic considerations in supplier states (such as those outlined in section two) would impede arms transfer restraint, and if there were significant differences between the defence industries in the Soviet Union and the United States in this area. It was pointed out that neither superpower was highly dependent on arms exports for the well-being of their industry, but that a real problem emerged with second-tier suppliers such as Britain and France.

On a more general level, Ernie Regehr emphasized that the arms trade seemed to derive its legitimacy *not* from any contribution it made to

peace and security, not from war avoidance or war prevention, but from the economic and development spin-offs the industry created. Therefore, the political problem was to require that arms transfers draw their legitimacy from their possible contribution to international peace and security.

Dr. Husbands commented that in the end, meaningful change and control depends on *political* agreement and probably on regional-based agreements. Something could be accomplished by addressing problems of weaponry, but these would only be first steps. In the end, there was a great deal of agreement with Dr. Klare's earlier suggestion that "creative" thinking about conventional arms control was required. As Mr. Mehta said, one of the obstacles was that the source of the problem was only imperfectly understood.

2. An Arms Trade Register?

Mr. Taylor's speech emphasized that the establishment of an international arms trade register had been promoted as a way to make the arms trade "transparent" as a possible step towards increased international or multilateral control. He pointed out that similar motives were behind the last such attempt to establish a register, in the League of Nations after World War I. This register was somewhat successful as a statistical compendium, but it had no impact on political and military developments in the 1920s and 1930s.

The idea of an arms trade register resurfaced in the United Nations in 1965, when it was proposed by Malta and rejected by a committee of the General Assembly. It reappeared again in 1968, 1976, 1978, and 1982 in various fora, without result. Canada supported all these initiatives.

Mr. Taylor said, however, that it was not clear that a register was an idea whose time had come. Immense technical problems remained, including the issue of what information and what range of equipment would be covered by the register. In addition, it was not clear that states would voluntarily comply with a register. Many states would probably see a register as *detracting* from their security: a comprehensive register could provide potential adversaries with near-complete information on military capabilities.

Current UN resolutions requesting states to register their levels of military expenditure with the UN illustrate this problem. Only 20 states comply with the request, Canada being one of them.

Finally, Mr. Taylor suggested that the arms trade was more a *symptom* of imperfections in international security arrangements than a *cause* of war itself. Therefore, attempts to regulate the problem of the trade in arms must attack this underlying insecurity: the "demand" side of the arms trade. Although registers and arms transfer limitations could play a role in addressing this insecurity, they were more likely to follow than precede enhanced security arrangements.

Dr. Karaganov was generally supportive of the idea of an international arms trade register, but expressed grave doubts about its potential. The experience of the League of Nations register suggested that it might not reduce arms races. Further, the existence of more suppliers, more complex links between them, and larger grey and black markets suggested that a public register might not reflect reality. Most recipients and many major suppliers (such as France) also did not support the idea. Finally, cheating would be relatively simple, and this possibility could undermine trust between states.

Dr. Husbands' comments on the arms trade register articulated the perceived consensus (echoed by other speakers) that the main purpose of such a register would be to bring transactions to light so that public pressure for change could be exerted *within* supplier and recipient states. The analogy with the activities of Amnesty International in the realm of human rights was often mentioned.

Unfortunately, the data collection problems associated with such an effort would be enormous. Dr. Husbands suggested, however, that if the register were to collect its own information (as the Stockholm International Peace Research Institute does), rather than depend on the voluntary compliance of states, it would be much more useful. Any good and relatively "neutral" information would be a step forward, and the urgency of the problem dictates that some steps be taken in this direction.

Discussion and Questions

Many points relevant to the issue of an arms trade register were raised in other sessions. Dr. Legault repeated some of the general concerns: it would be difficult to trace the origins and final destinations of products, (especially if only dollar values were given), but if major weapons systems were the unit of account, an arms register would duplicate the efforts of the Stockholm International Peace Research Institute.

Another commentator raised the issue of technological innovation, suggesting that much of the modern technology used in arms or military

systems (such as computers and communications systems) was "ambiguous" and its military use difficult to trace.

Dr. Kapur emphasized that many constituencies in both supplier and recipient states would oppose an arms trade register. But if one sees its main purpose *not* as changing policies (at least in the short term), but as providing a better data base for policy projections and outside researchers, one could be more hopeful. Mr. Mehta added that although the arms register would not be perfect and all states would probably cheat, it would provide non-official opinion with a tool, or instrument of pressure, to catalyze or organize public opinion against increased or ongoing militarization, and the waste of scarce resources.

CONCLUDING COMMENTS

The general conclusions that could be drawn from two days of discussion were few. This was not surprising, given the limited understanding of what drives the international arms transfer system, and of the precise role played by arms transfers relationships in the broader web of international politics.

Ernie Regehr's closing speech did, however, attempt to assess what an observer might have taken away from the discussions. He first noted that the arms trade was a persistent feature of international politics and one not subject to any collective management. He argued that today economic considerations appeared to dominate suppliers' calculations of the benefits of arms transfers, a conclusion reflected in the growing number of suppliers and in the discussions on this subject. The question of why recipients buy weapons was less clear-cut, because diverse motives and expectations seemed to drive different recipients.

Regardless of such analyses, Mr. Regehr said there appeared to be general agreement that a persistent large scale arms trade did create problems: it was rarely defended as a rational and effective means of advancing civilization or maintaining order. The arms trade itself, however, only reflected the current international security regime, in which the burden of providing security was not shared by the community of states, but remained the responsibility of each state. Attempts by states to provide security for their citizens through the acquisition of large quantities of arms could brutalize and militarize societies. These negative consequences could be especially severe in the fragile and weak political and social communities in the Third World.

The implication was that some control of, or restraint on, the arms trade was necessary, and no less so because it would be difficult to achieve. Mr. Regehr argued that Canada, although a relatively minor player, could at least put its own house in order through greater disclosure of its arms transfer activities and by promoting an arms trade register as part of the process of creating an "infrastructure" for the mobilization of resources to deal with the problem.

APPENDIX I

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APPENDIX II

THE PROPOSAL FOR AN ARMS TRADE REGISTER

The following is a special CIIPS study. In June 1986, the Simard-Hockin Report of the Special Joint Committee on Canada's International Relations broached the idea of an international register which would list all exports and imports of weapons and munitions. On 6 March 1987, the Right Honourable Joe Clark, Secretary of State for External Affairs, officially requested the Institute to prepare a study into the feasibility and usefulness of such a register.

The study, reproduced here in full, was presented to the Minister in July 1987; he has given permission for its publication as a part of this report.

AN ARMS TRADE REGISTER

Definition

An arms trade register is a database of information cataloging the trade or transfers of arms from one state to another. A register can range in content from identifying only the net total of exports from each country to specifying the kinds of arms exported and their destination.

An official international register would establish a standard, agreed methodology for measuring the flow of arms. By documenting arms transfers such a register would allow public examination of the practices of different countries. Should controls on conventional arms transfers be agreed upon by any group of countries, an arms register would facilitate implementation of an agreement by providing a standard comprehensive database that could be used to monitor the controls.

What would be included

The first and most important decision on the nature of a register is defining what would be included. The Hockin-Simard Report uses the terms "weapons" and "munitions" while the government response speaks of an "arms" register. Each term implies something different.

The distinction between conventional arms and weapons of mass destruction is clear. The formulation of "conventional" that is now generally accepted was first put forward by the UN Commission for Conventional Armaments in 1948. The Commission stated:

> ...that all armaments and armed forces, except atomic weapons and weapons of mass destruction fall within its jurisdiction and that weapons of mass destruction should be defined to include atomic explosive weapons, radioactive material weapons, lethal chemical and biological weapons, and any weapons developed in the future which have characteristics comparable in the destructive effect to those of the atomic bomb or other weapons mentioned above.[1]

The question of what is meant by the term "arms" is less clear. The Canadian government uses the term "military goods" from the COCOM International Munitions List. Under this definition

[1] *Study on Conventional Disarmament*, UN Publication, Sales No. E.85. IX. 1: 1985, p.6.

equipment "specially designed for military purposes" is included along with arms and ammunition. This would therefore include, *inter alia*, military vehicles and some electronic equipment.

More broadly a military good could be considered to be any product used by a military institution. This would include everything from clothing to office supplies and would have to be further defined to be of significant use. Other definitions can be made so specific that they exclude a great deal of equipment and components of equipment that have military purposes.

It is important that any definition be as objective as possible, but there is general agreement that it will be difficult to arrive at a definition that will distinguish between arms that have both civilian and military applications.

History/Background

The first effort to establish an arms register occurred in 1919 with the signing of the Convention of St-Germain-en-Laye. This was followed by the League of Nations which established a *Statistical Year Book of the Trade in Arms and Ammunition* in which it monitored international arms transfers. This project was maintained by the League until 1938.

The idea of establishing an international arms register did not surface again until 1965 when Malta presented a proposal to develop an arms register to the Eighteen Nation Disarmament Committee of the United Nations.[2] The Maltese resolution requested that proposals for establishing a system that would give publicity to arms transfers be submitted to the General Assembly. The proposal was rejected by the First Committee of the UN General Assembly by a vote of 18-19-39 (for-against-abstentions). Canada voted in favour of the resolution.

The issue was raised again in 1967 by Denmark and in 1968 Denmark, Iceland, Malta and Norway presented a draft resolution to the General Assembly.[3] The resolution asked the Secretary-General to ascertain the positions of governments on registering all trade in arms with the Secretary-General and on authorizing him to collect and publish information on arms transfers at regular intervals. Canada and the United States along with other western nations supported the resolution. There was opposition from some of the non-aligned and East European states and the sponsors agreed not to press the resolution to a vote.

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[2] Document A/C.1/L.347, 30 November 1965.
[3] Document A/C.1/L.446, 21 November 1968.

The issue was not raised again until 1976 when Japan along with 12 other countries[4] submitted a draft resolution to the UN General Assembly,[5] proposing that the Secretary-General ascertain the views of different countries on the question of international arms transfers and conduct a factual study of the issue. The proposal did not advance beyond the draft stage because of a procedural motion initiated by India for adjournment of the debate. Canada voted against the adjournment motion which passed by a vote of 51-32-33.

In 1977 at the CCD Italy proposed that the UN periodically publish data on the production and transfer of weapons and develop an effective system for processing such data.

At the 10th Special Session of the General Assembly in 1978 the idea of establishing an international registry of arms sales and transfers was mentioned by a number of speakers. However, the Final Document of the Special Session stated only that:

> Consultations should be carried out among major arms supplier and recipient countries on the limitation of all types of international transfers of conventional weapons...[6]

In 1981 the question of establishing a register was raised again by West Germany but was not put to a vote.

At the 12th Special Session of the General Assembly in 1982 Japan proposed a system for monitoring and analyzing arms transfers as a first step towards implementing restraints. Italy submitted a new proposal which included suggesting that the Centre for Disarmament be given the task of maintaining a register of all international transactions in conventional weapons. Member states would provide the Centre with any and all necessary information. A statement similar in wording and intent to that in the Final Document of the 10th Special Session was included in the 12th Special Session Final Document.[7]

In 1982 the Secretary-General published the responses from various countries to recommendations in his report on Disarmament and Development. Recommendation 3 of the Report stated:

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[4] Bolivia, Colombia, Denmark, El Salvador, Ghana, Ireland, Japan, Liberia, the Netherlands, New Zealand, Norway, the Philippines, and Singapore.

[5] Document A/C.1/31/L.20, 23 November 1976.

[6] Final Document of the Tenth Special Session of the General Assembly, para. 85.

[7] Concluding Document of the Twelfth Special Session of the General Assembly, annex 1, sect. V, subsect. C, para.6

> In order to fill . . . gaps in the existing data, the Group therefore recommends a fuller and more systematic compilation and dissemination by Governments of data on . . . military transfers . . .

Canada responded:

> The Canadian Government whole-heartedly supports the spirit and the letter of recommendation 3 . . .[8]

This recommendation was also supported by Austria, Japan, Mexico and Norway. Sweden supported the need for the UN to collect information and suggested that information on military transfers could act as a supplement to information on military expenditures already being collected. The Eastern Europeans stated that attempts to collect more information on the military efforts of states detracts from the true problem which is the absence of political will on the part of some states to adopt serious disarmament measures.

In 1983 the United Kingdom suggested that the ongoing UN study should recommend that all states report to the UN the value of their military production and of their imports and exports of arms so as to enable the Centre for Disarmament to establish a means of monitoring any measures that might be taken to restrain arms transfers.

When the issue was first brought up in 1965 the volume of trade in conventional arms was expanding quickly as the colonial era came to an end. Developing countries resisted the idea of a register, and of controls on transfers in general, because they felt it was up to the superpowers and other heavily armed industrial countries to initiate restraint and reductions first before broader discussions could begin. By the time Japan introduced its proposal in 1976 the situation had changed enough that eleven developing nations co-sponsored the resolution.

On the whole the non-aligned nations have continued to emphasize that the legitimate right of states to self defence be given priority. As with other measures requiring publication of information, the Warsaw Pact nations have resisted the idea of a register.

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[8] Document A/S-12/13, p.10.

Canadian policy

Canada was one of the main supporters of the 1968 resolution to establish a register, and has consistently supported the idea of conventional arms limitations, especially on a regional basis.

Canada's current controls rest on four main restrictions.[9] Arms will not be shipped to:

1. countries which pose a threat to Canada or its allies;
2. countries under the threat of hostilities or currently engaged in hostilities;
3. countries under UN Security Council sanctions;
4. countries whose governments have a persistent record of serious human rights violations unless it can be demonstrated that the goods exported will not be used against the civilian population.

Canada does not provide an annual list of major military exports or of export permits granted by the government. Statistics are available on the net value of Canadian "defence exports" broken down by industry sector (aerospace, armament, electrical, general purchasing, ship-building and vehicles) to the United States, Europe and "other" countries. These are provided on an annual basis. Canada also does not publish the names of the countries to which it prohibits the export of military equipment, on the grounds that

> It is not our intention to publish a list of countries which are affected by this policy. . . . It is not desirable that the presence or absence of any country on a list such as this be a matter of public controversy.[10]

Arguments in Favour of a Register

Openness as a deterrent

It is possible that increased publicity or openness will discourage states from transferring arms, especially to certain countries. Domestic reactions can be relatively effective in limiting arms exports to specific countries. By in effect publicizing the practices of different states, the degree of governmental accountability to domestic and international opinion is increased.

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[9] DEA, *Export Control Policy*, Communique no. 155, 10 September 1986.

[10] *Ibid*, "Background Paper," p. 4.

A Standard Set of Information

An arms register would provide a standard database of information that would give an overall picture of the situation. In this sense, arguments for establishing a register are generally made in the larger context of advocating limitations or reductions of arms transfers and are seen as a necessary first step towards creating and verifying any kind of limitation agreement by providing a single, agreed, reliable base of information.

Regional Stability

An arms register can also be seen as a contribution to regional stability. In presenting its draft resolution to the UN, Malta said that secrecy exacerbates delicate regional situations and encourages local arms races. These arms races make local balances of power increasingly unstable and may encourage the involvement of outside military powers. Without reliable information on these situations, the UN may take emergency action to cope with the outbreak of armed conflicts that might have been avoided had the preliminary symptoms been brought to its attention earlier.

The Declaration of Ayacucho in 1974 is an example of an effort to control arms transfers on a regional basis. In the Declaration eight Latin American countries agreed to seek conditions to enable limitations on armaments and end their acquisition for offensive purposes so that resources could be devoted to economic and social development. In 1978 twenty member states of the Organization of American States agreed to exchange information on arms transfers and work towards their limitation. The agreement itself is regarded as a significant step although it never achieved the status of a binding agreement. By the mid-1980s arms procurement in South America had declined. However, this may be due to external debts and the easing of several intra-regional tensions rather than to specific efforts at regulation.

Military Expenditure

Once in operation the arms register could also act as a supplement to methods of verification of reporting military expenditures.

Arguments Against a Register

Discrimination

Countries that rely heavily or completely on arms imports have argued against the establishment of an arms transfer register on the grounds

that it would be discriminatory. The military capability of countries relying on arms imports would be public, but this would not be true of countries that are self-sufficient or only partially dependent on imports. To offset this criticism it has been suggested that registration of arms transfers be coupled with registration of national military capabilities.

Linkage with Control Efforts

When the idea of a register has been part of a larger package advocating controls on arms transfers, developing countries have tended to resist the idea. They have argued that the superpowers and other heavily armed industrial countries should first undertake restraints and reductions after which discussions on more comprehensive controls could begin. They maintain that unless limitations are tied to production as well, control of military transfers will adversely affect countries dependent on imports while not affecting the military capabilities of producer nations.

Industry representatives have also expressed concern about the implied connection between the idea of a register and eventual control or limitation of arms exports.

A similar objection has also been raised with respect to nuclear disarmament. Debate in the UN on the issue of arms transfers has always included statements by countries expressing concern that emphasis on these issues might detract from the more serious issue of nuclear disarmament.

Secrecy

Questions have been raised concerning the willingness of states to agree to reporting on their arms transfers. There are likely to be instances where countries will want to keep transfers secret, nor could such covert action be discovered without measures of verification that go beyond the current capabilities of the UN.

Definitions

Arms producers have raised concerns about the difficulty of arriving at a satisfactory definition of arms that will not be so limited as to render the exercise useless nor so broad that it unnecessarily hampers exports and industry in general. They emphasize that there is a broad category of goods that have both civilian and military purposes and that this distinction becomes even more difficult at the component and subcomponent level. The existence of an arms register may therefore hamper sales of goods that have civilian uses.

Commercial Confidentiality

It is possible that a public monitoring system would be open to "mischief making" and would hamper the bidding process by interfering with the right of both suppliers and purchasers to keep transactions confidential.

Economic Implications

Many technological breakthroughs which have benefited civilian industry have come about as a result of high technology research that has only been possible because of investment in defence technologies. If a register is to be the first step towards reduction in arms exports, this benefit would be threatened.

The Views of Other Governments

The United States

In 1968 the US Congress created the Foreign Military Sales Act. This legislation requires the Secretary of State to provide a semiannual report of all exports of significant defence articles listed on the US Munitions List. This legislation provided a degree of accountability unequaled at that time in other western countries.

President Carter re-evaluated US policy on arms transfers and issued Presidential Directive-13 (PD-13) which established a policy making arms transfers a special case in US foreign policy. Arms transfers were to be carried out only when they contributed to national security. A ceiling on arms sales was established and there was a limit on the degree of sophistication of arms exported. Most of these controls were ended under President Reagan who has established more general guidelines to deal with arms sales on a case-by-case basis. There is no specific mention in the new guidelines of human rights.

Sweden

Statistics on Swedish exports of military equipment are published by the Swedish Central Bureau of Statistics. A Military Inspection Board also provides annual figures and the aggregate value of export licenses issued during the year is listed in the Swedish Budget.

Under guidelines established in 1971, the Swedish government will not grant export licenses for exports to a state involved in armed conflict or a state in which there are armed internal disturbances. However, the

government makes a distinction between equipment that will be used for defensive purposes and other military equipment. Licenses are also not granted for export to a state where the equipment may be presumed to be used to suppress human rights.

France

Sales of military products in France are carefully regulated on a case by case basis by an interdepartmental committee of representatives from defence, finance and the economy departments. France views arms sales as an important aspect of foreign policy and only refuses exports to the Warsaw Pact. Certain principles of restraint have been developed by French governments since 1955. These include restricting exports to war zones and countries where arms may be used for internal oppression. However, these principles are not law and are not closely adhered to. French governments publish very little on the size or direction of their arms flows and have tended to discourage public discussion of the issue.

The United Kingdom

Decision-making on arms sales is made by an Arms Working Party made up of representatives of a number of ministries and chaired by the Foreign and Commonwealth Office. Sensitive cases may be referred to the Defence and Overseas Policy Committee of the cabinet. There is no comprehensive overall policy and decisions are made on a case-by-case basis. Arms sales in the United Kingdom have been the subject of public debate and considerable attention has been given, particularly by the Labour Party, to the question of undertaking a conversion of defence industries to civilian industries. In the early 1980s several British companies made an effort to diversify their production into civilian areas.

Current Situation

There are two main public sources of information that provide the kind of data on arms transfers that would be included in an international registry. The Stockholm International Peace Research Institute (SIPRI) annually publishes extensive information on the world trade in conventional arms, including a breakdown of major weapons systems on order or under delivery for that year. The US Arms Control and Disarmament Agency also provides an annual report of world wide military transfers and expenditures.

Additionally, every two years Ruth Leger Sivard provides a report on world military and social expenditures. In their annual *Military Balance* the International Institute for Strategic Studies in London also provides estimates of world wide military spending although not estimates of arms transfers as such.

World expenditure on arms deliveries during 1985 is estimated at US$ 27 billion (1983 constant US$, ACDA 1986). This is a considerable drop from the previous three years, especially from the 1982 peak of US$ 42 billion. In 1984 the US exported 24.6 percent of all world arms exports and the Soviet Union exported 26.8 percent, for a combined total of 51.4 percent.[11]

The downward trend of the mid-1980s has been attributed to a number of factors. Oil rich countries that had previously depended upon oil revenue to finance arms purchases have faced declining oil sales. Many of the countries that purchased arms in the 1970s no longer need to make large purchases, can no longer afford them or have begun to produce arms themselves. The number of suppliers has increased and the superpowers are now playing a reduced role in the market.

Feasibility

Other Registers

It will be important to assess how much an international register would add to public knowledge. While the gross figures might not be much different, the public sources now available use different methodologies and information bases. An international register would provide a single official agreed source for this information.

Suppliers

Some supplier countries depend heavily on arms exports to maintain the economic well being of domestic industry. Others see arms transfers as a vital tool of foreign policy. If the idea of establishing an arms register is explicitly or implicitly linked to the idea of instituting controls on arms transfers, it is not likely to generate initial support from other supplier nations.

[11] US Arms Control and Disarmament Agency, *World Military Expenditure and Arms Transfers, 1986*, ACDA, Washington, 1986.

Recipients

Recipient countries are likely to view any proposal from supplier nations with suspicion. Measures would have to be taken to assure them that producing nations are complying with the register and are equally affected by it, perhaps by incorporating other factors such as production into the register.

Comprehensiveness and Secrecy

Some governments will be unwilling to reveal information about their arms transfers, and others will be unaware of covert transactions. In this sense no register can hope to be comprehensive. In the long run however, the existence of a register might make secrecy more difficult. It might also increase the international pressure on countries choosing not to cooperate with the register.

Military Budgets

The effort to bring about reductions in national military budgets at the United Nations provides a useful analogy. As a preliminary step the UN has established standard reporting methods for military budgets and has required states to report their annual expenditures accordingly. Twenty-one countries have so reported, including Canada.

Conclusions

The establishment of an arms register in and of itself has merit. The lack of standard, accepted information on such matters as military expenditures, troop movements and troop strengths has consistently been a problem in attempts to control them. The MBFR talks have struggled for years to establish an agreed upon database of information on the force deployments of NATO and the Warsaw Pact in Europe. A register of arms transfers, if successful, could therefore provide a model of cooperation that might be useful in other areas.

Questions about the effect of arms purchases on developing economies and on regional stability have been the subject of international debate since the early 1970s. An arms register could contribute significantly to this debate by providing reliable information for further study and monitoring. It could also lead to agreement on controls on arms transfers, although this should not be the immediate objective.

On the other hand, there is no consensus amongst states that such a register is desirable. Means of verification of the data provided would

not be easily available. A misleading or controversial or partial register might create more problems then it would solve.

Several immediate measures might be considered. First, the government could establish or sponsor a technical working group to help resolve the methodological problems involved in defining arms transfers. Its tasks would include an examination of the prospects for resolving the dual military/civilian uses of certain products and the feasibility of developing a standard reporting instrument.

Second, a technical working group might clarify and seek to resolve the argument that there is a need to protect the confidentiality of commercial companies for competitive reasons with a view to identifying the legitimate needs of confidentiality and the prospects for bringing these needs in line with the requirements for an arms control register.

Third, the government could consider adopting a performance standard such that Canadian national practice would be on a par with that of other western states which have taken the lead in compiling and publishing data on national arms transfers.

Fourth, the government should more fully explain why it declines to publicize the names of the countries which are prohibited from receiving Canadian arms exports on human rights grounds. Since public pressure is one means to persuade these countries to improve their human rights records, it is not clear why the government should wish to keep secret the names of the countries which it judges to have human rights records sufficiently poor as to warrant the curtailment of arms exports.

Fifth, and depending on the response to the above recommendations, the government might wish to explore the opportunities for further action at the UN, and in particular at UNSSOD III in 1988.

Any Canadian initiative at the UN would require support from a wide variety of sources if it were to be successful. As preparation for this effort or as a separate measure in and of itself the government might consider beginning by broaching the idea to different countries with a view to eliciting their support or at least their involvement in consultations on the question.

Table 1. Share of World Arms Exports 1984

Soviet Union	26.8%
United States	24.6%
France	8.7%
Other Warsaw Pact	7.4%
West Germany	6.8%
Other NATO	4.9%
United Kingdom	3.6%
All Other Suppliers	17.3%

Source: US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers, 1986.*

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